

Low inflation shows RBI policy is effective: Das

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The low retail inflation rate in April, at 4.7 per cent, shows the Reserve Bank of India's (RBI's) monetary policy is showing results, RBI Governor Shaktikanta Das said on Friday.

The consumer price index (CPI) inflation rate was 5.7 per cent in March

"This gives us the confidence that monetary policy is on the right track," he said in his address at the launch of the book *Made in India* by Amitabh Kant, who is G20 sherpa of India.

The RBI governor parried questions on the central bank's future policy stance, saying "wait for statement on June 8".

The Monetary Policy Committee (MPC) hiked the repo rate by 250 basis points between May 2022 and March 2023 to contain price rise and inflation expectations. But the MPC kept the policy repo

rate on hold at its meeting in April.

The monetary policy statement for FY24 said the inflation trajectory for the fiscal year would be shaped by domestic and global factors.

The expectations of a record rabi foodgrain production bode well for the outlook on food prices.

The impact of the recent unseasonal rain and hailstorms, however, needs to be watched.

Taking into account various factors and assuming an annual average crude oil price (Indian basket) of \$85 per barrel and a normal monsoon, the inflation rate is projected at 5.2 per cent for 2023-24, the RBI policy said.

Referring to economic growth in FY24, Das said India's economy would confidently grow at 6.5 per cent this fiscal year (FY24) on the back of robust urban demand and a gradual pick-up in the rural economy.

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"WE NEED TO CONTINUE WITH REFORMS AND ALSO ENSURE THAT WE KEEP ACCESSING THE BEST OF TECHNOLOGY"

Shaktikanta Das
RBI Governor

Das...

The Indian economy is estimated to have grown by 7 per cent in FY23. While the International Monetary Fund has given a lower growth estimate, the RBI has shared data with the IMF. At this rate, 15 per cent of world growth would come from India, Das added. Government capital spending has been high in the last few years and private capex is rising as seen in sectors like steel and cement, he said. Referring to movements in the currency, the RBI governor said despite the Ukraine war, the rupee had been stable. Volatility has been contained, he added.

